GOVERNMENT OF INDIA
POWER
LOK SABHA

STARRED QUESTION NO:4
ANSWERED ON:20.11.2000
COUNTER GUARANTEES FOR POWER PROJECTS
GANGASANDRA SIDDAPPA BASAVARAJ;Y.S. VIVEKANANDA REDDY

Will the Minister of POWER be pleased to state:

(a) whether his ministry has formulated a new scheme for counter guarantees for private power generation and transmission projects;

(b) if so, the salient features of the new scheme along with the details of projects thereof;

(c) whether the Ministry of Finance has objected and rejected the liability that such guarantees entail;

(d) if so, the details thereof;

(e) whether the Government have initially confirmed guarantees to the first 8 fast track power projects only;

(f) if so, whether the cover is sought to be extended ostensibly to boost generation by private sector;
(g) if so, whether the guarantee is being considered due to Prime Minister`s commitment in Lisbon earlier; and
(h) if so, the time by which a final decision if likely to be taken in this regard?

Answer

THE MINISTER OF STATE IN THE MINISTRY O F POWER (SHRIMATI JAYAWANTI MEHTA)

(a) to (h): A Statement is laid on the Table of the House.

STATEMENT

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (h) OF STARRED QUESTION NO.4 TO BE ANSWERED IN THE LOK SABHA ON 20.11.2000 REGARDING COUNTER GUARANTEES FOR POWER PROJECTS.

(a) to (d), (g) & (h) : The Prime Minister, in his speech delivered at the India- European Union Business Summit at Lisbon, Portugal on June 27, 2000 announced that the Government was willing to consider a new guarantee structure for large transmission projects and power purchase systems as well as accelerating the International Competitive Bidding (ICB) process for renovation and modernization of the country`s power generating companies. The details of the new guarantee scheme are being worked out.

(e) & (f) : The Government of India`s (GoI) counter guarantee scheme was developed as a transitory measure to boost private investment in power generation and it was decided in 1994 to extend Government of India counter guarantee to eight initial projects that had been cleared for bringing in foreign investment in power sector. Of these eight private power generation projects, counter guarantee of Government of India has been extended to Jegurupadu Combined Cycle Gas Turbine Project (216 MW) of M/s. GVK Industries Limited, Ib Valley Thermal Power Project (500 MW) of Ib Valley Power Private Limited and Dabhol Combined Cycle Gas Turbine Project (Phase-I) and 740 MW of M/s. Dabhol Power Company under the pre-revised procedure. M/s. Spectrum Power Generation Limited withdrew their request for counter guarantee for their 208 MW Godavari Combined Cycle Gas Turbine Project in Andhra Pradesh. Counter guarantee of the Government of India, through the revised procedure, has been issued in August, 1998 in the case of the Visakhapatnam Thermal Power Project (1040 MW) of M/s Hinduja National Power Company Ltd. (HNPCL) in Andhra Pradesh, Bhadravati Thermal Power Project (1082 MW) of M/s Central India Power Company (CIPCO) in Maharashtra and the 250 MW single unit lignite based Neyveli Thermal Power Project of M/s ST-CMS Electric Company in Tamil Nadu. The Ib Valley project was re-negotiated by the Government of Orissa before construction could commence and, therefore, techno-economic clearance was issued afresh to this project on 26.2.1999. Issue of Counter Guarantee of Government of India under the revised procedure was approved in the case of this project and the Mangalore Thermal Power Project of M/s. Mangalore Power Company, on 22.12.1999.